Abstract

Industrial sickness is one of the serious maladies of Indian economy. The growing sickness, low capacity utilization and inadequate performance of a large number of industries has been a matter of concern to the Government, owners, professional managers, trade unions and the public at large. The need for research on turnaround management is thus obvious. A corporate decline can be reversed through HR interventions primarily concerned about people within the organization and the processes they employ so as to achieve the objectives of an organization. In about two years during 2002-04, the Rourkela Steel Plant (RSP) a unit of the Steel Authority of India Ltd. (SAIL) achieved one of the most remarkable turnarounds in the history of Corporate India. While turnarounds in industry and business are not uncommon, the process through which it was achieved at Rourkela is not what is commonly seen. It was, therefore, considered appropriate to undertake a study on the organization. This study is based on a case study approach. The study has been organized with the help of both secondary and primary data. All relevant secondary data have been collected from published documents, internal circulars and accessing different websites. The required primary data have been collected through field survey. The universe of the study comprised of total 2200 executives who were working at different levels in RSP at the time of commencement of the study, i.e. in the year 2009. To ensure that the sample chosen were true representative of the entire population, the stratified sampling technique was used. Data were collected from 233 respondents who were the executives of Junior, Middle and Top level of RSP through questionnaire. The first objective of the research was to find out the triggers that initiated the turnaround process. Results revealed that in the opinion of the employees, the triggers that initiated turnaround were – huge financial losses, low return on assets, bad public image, high employee turnover, and stakeholders in order of decreasing importance. The second objective was to study the dimensions of managerial response to turnaround process. The RSP management’s response to the problems faced was evaluated on the four dimensions of responsiveness, adequacy, consistency and spontaneity. The study showed that the respondents rated responsiveness as highest, spontaneity as the second highest, consistency
as the third highest and adequacy at the last position. The third objective was to study the various HR interventions taken as part of the turnaround process of RSP. The findings revealed that HR interventions for bringing change were Workshops for Sharing Concern, Internal Customer-Supplier Workshops, Issue-Focused Participative Workshops, Mass Contact Exercise for bringing closeness and workshops for improving departmental performance. These interventions were based on four pillars of turnaround i.e. communication, work culture, empowerment and performance excellence. These all contributed to high motivation, improved employee satisfaction, enhanced productivity and mutual trust which in turn helped in corporate turnaround. The fourth objective was to find out the effectiveness of HR initiatives. Results revealed that for sustainability of HR interventions post turnaround, a number of monetary and non monetary schemes for rewarding, recognizing and appreciating the performance of employees were initiated. Safety measures were taken to create awareness and educate employees for preventing accidents. Zero accident recognition schemes were initiated to treat workplace injury as a collective failure and thereby create a culture of intolerance to accidents. Trainings were given to enhance the competencies and all HR services were computerized to provide efficient services to the employees. Employee involvement in organizational improvement activities was the key to the RSP’s effectiveness and sustainability. Based on the findings and in consonance with the fifth objective a conceptual model was developed. The model called CWEP model of turnaround is based on four pillars i.e. Communication, Work culture, Empowerment and Performance Excellence (CWEP). All the pillars of turnaround contributed to reduction in industrial conflicts, development of mutual trust amongst employees and management, high motivation, productivity enhancement and improvement in employee satisfaction. The recommendations out of the findings are that HR initiatives should be central to any turnaround strategy and that organizations should have direct and consistent communication with employees at various levels. Leadership should play a key role in helping an organization successfully achieve a turnaround as the transformational and charismatic leadership can inspire the employees by reaching not just at the rational or logical level but also at their emotional level. This is a pointer to other organizations seeking to achieve turnaround.